

LEGISLATIVE ALERT

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SCHIP REAUTHORIZATION SWELLING ENTITLEMENTS, RAISING TAXES, PROMOTING SOCIALIZED MEDICINE (H.R. 3162)

Exploiting a popular children's health insurance program, the Democratic Majority's so-called Children's Health and Medicare Protection [CHAMP] Act in fact takes a major step toward government-run, socialized health care. The bill, a reauthorization of the 10-year-old State Children's Health Insurance Program [SCHIP], massively expands entitlement spending – which is already unsustainable – eliminates health care choices for Medicare enrollees, crowds out private insurers, raises taxes, and leaves a \$73-billion gap that invites further tax hikes. Here are some details of the bill:

- ***Creates a New Entitlement.*** The bill has *no income limits for eligibility*, and no annual authorization limit – letting States determine who qualifies. This encourages States to request ever-growing amounts of Federal funds to enroll more people in government-run health care without limit – making this a major *new* entitlement program.
- ***Crowds Out Private Insurance With Government Coverage.*** The bill does nothing to limit waivers allowing States to enroll hundreds of thousands of *adults*, instead of children – *even those who already have private insurance*. Currently, 89 percent of children in families with incomes between 300 percent and 400 percent of the poverty level, and 95 percent in families above 400 percent of poverty, already have private insurance – and would be drawn instead to the government-run programs. In addition, enrollees are not required to prove their income, and may “self-certify.” Thus the bill leaps toward the Democrats' real goal of socializing health care.
- ***Offers Perverse Incentives to States.*** Adding to its bigger-government bias, the bill not only fails to limit the program to low-income children, *it actually gives States financial incentives to cover middle-income and wealthy children*. The more individuals States enroll, regardless of income or legal eligibility, the more money States receive.
- ***Contains a Huge Tax Increase – With More on the Way.*** The bill already raises the highly regressive tobacco tax by \$60 billion; and it taxes private health insurance policies to fund a “Comparative Effectiveness Research Program,” draining \$300 million away from the Medicare Trust Fund and – because the tax will be passed on to consumers – making health insurance more expensive for everyone. But it still has a \$73-billion gap between spending increases and offsets – which Democrats are expected to fill with more tax increases or budget gimmicks.
- ***Punishes Medicare Beneficiaries.*** Most of the bill's offsets come from gutting the consumer-oriented Medicare Advantage Program, which will force one in five Medicare beneficiaries out of their existing coverage. This will further hinder the cause of restructuring health care and reforming entitlements.